

**MINUTES OF THE  
PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE**

Room 445 State Capitol Building

February 2, 2015

**Members Present:**

Sen. Howard A. Stephenson, Co-Chair  
Rep. Steve Eliason, House Co-Chair  
Rep. Michael S. Kennedy, House Vice Chair  
Sen. Lyle W. Hillyard  
Sen. Jani Iwamoto  
Sen. Aaron Osmond  
Sen. Daniel W. Thatcher  
Sen. Stephen H. Urquhart  
Rep. Joel K. Briscoe  
Rep. LaVar Christensen  
Rep. Bruce Cutler  
Rep. Rebecca P. Edwards  
Rep. Justin L. Fawson  
Rep. Bradley G. Last  
Rep. David E. Lifferth  
Rep. Marie H. Poulson  
Rep. Kraig Powell  
Rep. Norm Thurston

**Members Absent:**

Sen. J. Stuart Adams  
Rep. Francis D. Gibson

**Staff Present:**

Mr. Ben Leishman, Fiscal Analyst  
Ms. Angela Oh, Senior Statistician  
Ms. Brooke Parrish, Secretary

**Note:** A copy of related materials and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Call to Order**

Co-Chair Eliason called the meeting to order at 8:11 a.m.

Co-Chair Eliason recognized audience members Ms. Jennifer Johnson, Second Vice Chair, Utah State Board of Education (USBE); Mr. Brad Smith, State Superintendent of Public Instruction, USBE; Mr. Bruce Williams, Business and Operations Administrator, Utah State Office of Education (USOE); Ms. Sydnee Dickson, Deputy State Superintendent, USBE; Judy Park, Associate Superintendent, USOE; Laura Belnap, Charter Schools, USOE.

**2. Follow-up Items from January 29, 2015 Meeting**

Mr. Leishman, Fiscal Analyst, referred members to [Appropriations History: State Education Funds](#).

### **3. Budget Review: Related to Basic School Program**

Mr. Leishman referred members to [Minimum School Program – Charter School Funding Programs](#) and [Minimum School Program – Charter School Local Replacement](#).

Co-Chair Stephenson asked for further explanation on the reduction of local property tax rates. Mr. Leishman explained that this was due to the decrease in housing values during the last recession.

Sen. Osmond asked why charter schools perceive that they are funded less than district schools, and vice versa. Mr. Leishman replied that this perception depends largely on location as charter schools are funded based on the state average.

Mr. Leishman continued to discuss [Minimum School Program – Charter School Local Replacement](#). He explained a current proposal that would require school districts to pay 25% of their local per pupil revenue amount.

Co-Chair Stephenson explained that currently, rich districts are not paying 25% towards the cost of students attending a charter school within their district.

Mr. Leishman explained the Charter School Local Replacement formula. He discussed current state funding towards the local replacement amount.

Co-Chair Stephenson noted that under the current formula, any district that does not lose students to charter schools are negatively impacted. Mr. David Crandall, Chair, USBE, added that this item had been cut during the USBE budget effectiveness review. Discussion about the formula rates continued.

Sen. Hillyard asked if funding per student was adjusted if a student changed schools mid-year. Mr. Leishman replied that it is not. Sen. Hillyard asked if the local replacement is adjusted when students attend charter schools outside of their district. Mr. Leishman replied that no adjustment is made. Mr. Bruce Williams, Business and Operations Administrator, USOE stated that charter school funding, especially the local replacement amount, is based on the October 1 head count.

Sen. Hillyard asked who was responsible for contributing to the local fund. Mr. Williams responded that the fund comes from residents living within the district.

Rep. Briscoe asked for clarification on the [Charter School Local Replacement Formula](#) (page 4). Mr. Leishman responded.

Rep. Powell asked for the USBE to report on their findings from interim studies. Co-Chair

Eliason replied that this report would occur later in the meeting.

Co-Chair Stephenson asked for a chart reflecting changes in the WPU that would come from changing the local replacement formula. Mr. Leishman said he would prepare it for the next meeting.

Rep. Last noted the pros and cons of tracking student movement. He added that the local replacement formula needs work. Accounting for minimal ADM funds may not be worth the extra effort. Co-Chair Eliason added that on average student movement likely results in a net zero change. Mr. Leishman stated that the pupil accounting issue would be discussed with enrollment growth.

Rep. Lifferth asked that a 50% replacement value be included in the chart requested by Co-Chair Stephenson. Co-Chair Eliason asked that the chart reflect the net changes per district. Mr. Leishman agreed and continued to explain the current Charter School Local Replacement chart. Rep. Thurston expressed concern over October 1 enrollment counts.

Rep. Powell asked about the fiscal impact for district schools if funding was based on October 1 enrollment counts. Mr. Leishman replied that it would be an additional \$66 million.

Mr. Leishman explained lines 110-118 of the [Base Budget Bill](#).

Rep. Thurston asked about funding for elementary arts programs. Mr. Leishman said schools are selected after an application process. They are required to match the funding.

Mr. Leishman explained lines 119-120 of the [Base Budget Bill](#).

#### **4. Budget Review: Voted & Board Local Levy Programs**

Mr. Leishman [Voted & Board Local Levy Programs](#) (lines 121-129). The breakdown of these funds are illustrated in the chart [Voted & Board Local Levy Program – State Guarantee](#).

Co-Chair Stephenson commented on the inequities between districts and stated that the guaranteed funding for levy programs needs to take priority over funding an increase in the WPU.

Rep. Cutler asked where the funds for the levy guarantee program come from. Mr. Leishman replied that they are from the equalization component of the Education Fund (EF).

Mr. Leishman reminded members that all of the aspects of the [Minimum School Program](#) can be found in the COBI.

#### **5. Budget Review: School Building Programs**

Mr. Leishman explained the [Capital Outlay Foundation Program](#) and the [Capital Outlay Enrollment Growth Program](#) (lines 134-135). Mr. Leishman referred members to a [chart](#) illustrating the breakdown of funding for the Capital Outlay Foundation Program.

Co-Chair Stephenson asked Sen. Osmond to explain how his proposed legislation would affect this program. Sen. Osmond explained S.B. 97.

Co-Chair Stephenson talked about the Capital Outlay Foundation formula and the inequalities caused by different property tax rates. Sen. Osmond added that the main goal of S.B. 97 is to fund equalization.

Rep. Poulson discussed bonds and the need for school districts to be held accountable for their actions.

## **6. Budget Review: State Education Agencies & Programs**

Ms. Angela Oh, Senior Statistician, referred members to the Financials and Performance tabs on the [State Board of Education](#) section of the COBI.

Co-Chair Eliason asked for an explanation of the SAGE test results. Mr. Leishman responded that the results measured proficiency levels.

Rep. Thurston asked why there weren't any performance measures for the efficiency of the USOE. Ms. Oh said that they were working to come up with some.

Ms. Oh referred members to [Utah State Office of Education Fees](#) and [Utah State Office of Education Federal Funds](#).

Rep. Cutler asked what the fees are used for. Ms. Oh explained that these fees go towards support services provided by the USBE and teacher licensing.

Rep. Thurston asked why it is necessary for the USOE to withhold so much money to administer grants. Ms. Oh answered that these funds are used to cover current expenses and state wide training. Mr. Williams added that the money is primarily used to insure that federal compliance standards are being met. Dr. Dickson talked about compliance standards. They continued to discuss the issue.

Co-Chair Eliason noted that the USOE financials are located in the [COBI](#).

Rep. Christensen asked for a chart showing the requirements associated with Education Fund from the federal government.

Ms. Oh referred members to [Utah State Office of Education Indirect Cost Pool](#) and [Utah State Office of Education SAGE Questions Leasing Revenue](#).

Co-Chair Stephenson asked if the SBOE could control the SAGE questions. Mr. Leishman said that they already are.

Ms. Oh referred members to [Utah State Office of Education Bond Savings](#).

## **7. State Board of Education – Comments & Recommendations on Base Budget**

Mr. Crandall referred members to the USBE [Public Education 2% Budget Reduction Exercise](#).

Rep. Poulson asked how local school districts would be affected if the replacement funds for charter schools were cut. Mr. Crandall responded that although charter schools would have to pay more, this cut would affect less students than if the WPU was cut overall.

Co-Chair Eliason thanked the USBE for participating in the Budget Reduction Exercise.

Sen. Iwamoto asked about the impact on the Concurrent Enrollment (CE) program and the Beverly Taylor Sorenson Arts Learning Program (BTS) under the proposed budget. Mr. Crandall responded that it would depend on how the Local Education Agencies (LEA) reallocated funds. Ms. Johnson noted that below the line items are usually not adjusted for inflation.

Rep. Briscoe asked the USBE if programs cut in the proposed budget had been poorly spent. Mr. Smith said that they had not, cuts were determined based on priority. During the summer the USBE will draft a zero-base budget. Mr. Crandall agreed with Mr. Smith, adding that program effectiveness needed to be determined by the LEAs.

Co-Chair Stephenson asked what programs would be examined for the zero-base budget. Mr. Smith said that all programs and pass through dollars would be examined. Co-Chair Stephenson expressed interest in holding interim meetings with all the educational groups in the state.

Ms. Johnson talked about the need for transparency in the local levy process.

Co-Chair Eliason asked for clarification about Utah State Instructional Materials Access Center (USIMAC). Mr. Joel Coleman, Superintendent, Utah Schools for the Deaf and Blind (USDB), explained that USIMAC produces materials in Braille for all the schools in the state.

Ms. Johnson invited the committee to the upcoming State Board Financing Committee meeting.

## **8. Privatization Board – USOE District Computer Services Recommendation**

Mr. Cliff Strachan, Governor's Office of Management & Budget, introduced Ms. Kim Jones, Chair, Free Market Protection and Privatization Board, and Mr. Brian Gough, Vice Chair, Free Market Protection and Privatization Board.

Mr. Strachan referred members to the [Report by the Free Market Protection and Privatization](#)

[Board](#). This report explains Aspire, the USOE funded Student Information System (SIS).

Co-Chair Stephenson asked about the differences between Aspire and private sector SIS models. Mr. Strachan replied that private sector models are more robust than Aspire. It has been suggested that the LEAs should be given money to purchase the SIS of their choice.

Co-Chair Stephenson stated that allowing the LEAs to pick their SIS would determine if Aspire warranted funding. He asked for the numbers of schools using Aspire versus other SIS. Mr. Strachan referred members to [page 7](#) of the report. Co-Chair Stephenson stated that the numbers were reflective of Aspire's quality.

Rep. Cutler asked how long Aspire had been in existence. Mr. Strachan replied that SIS began in 1967. Rep. Cutler asked what technology Aspire was currently using and what the plan was for future expansion. Ms. Jones replied that Aspire is client surveyor based, details are located on page 9 of the [report](#).

Rep. Briscoe asked for a list of the systems used in each district. He also noted that transmitting accurate data is the primary function of SIS.

Rep. Thurston asked Mr. Strachan if the board could sell the technology it had developed. Mr. Strachan replied that it could but he wasn't sure on how to privatize it.

Ms. Jones explained the ongoing challenges of operating Aspire.

## **9. Subcommittee Discussion – Base Budget Issues & Changes**

Co-Chair Eliason instructed committee members to create a list identifying their priorities for program funding. Mr. Leishman referred members to the [COBI](#) for the list of items to rank.

Co-Chair Stephenson thanked the USBE for their participation in the budget reduction exercise, Rep. Christensen agreed.

**MOTION:** Rep. Thatcher moved to adjourn. The motion passed unanimously.

Co-Chair Eliason adjourned the meeting at 10:55 a.m.